

State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
Division of Insurance
233 Richmond Street
Providence, RI 02903

**NOTICE OF PROPOSED REGULATION AND PROPOSED AMENDMENT TO
REGULATIONS AND NOTICE OF PUBLIC HEARING**

Notice is hereby given, in accordance with R.I.G.L. §§ 42-14-17 and 42-35-3, that the Department of Business Regulation ("Department") proposes to adopt the following Regulation:

Insurance Regulation 40 – Continuing Education for Insurance Producers

The proposed regulation is designed to set standards for continuing education requirements for insurance producers.

Notice is hereby given, in accordance with R.I.G.L. §§ 42-14-17 and 42-35-3, that the Department of Business Regulation ("Department") proposes to amend the following Regulation

**Insurance Regulation 36 - Insurance Producer Pre-Licensing Education
Requirements for Residents**

The proposed amendments are designed to update pre-licensing education requirement for resident insurance producers.

**Insurance Regulation 103 - Fees for Insurance Producers, Insurance Claim
Adjusters, Motor Vehicle Damage Appraisers,
Surplus Line Brokers, Title Agents and
Continuing Education Course Providers**

The proposed amendments are designed to change the fees for title insurance agents.

Notice is also hereby given, in accordance with R.I. Gen. Laws § 42-35-3, that the Department of Business Regulation will hold a public hearing beginning at 10:00 a.m. on October 10, 2006 in the Main Hearing Room of the Department of Business Regulation, 233 Richmond Street, Providence, Rhode Island 02903, regarding the Proposed Amended Regulation.

Copies of the Proposed Regulation and Proposed Amended Regulations are on file at the Department and copies may be obtained from the Legal Division, Department of Business Regulation, 233 Richmond Street, Providence, Rhode Island 02903 during normal working hours on regular business days or by mail upon request. The Proposed

Regulation and Proposed Amended Regulations may also be obtained from the Department's website www.dbr.state.ri.us.

In the development of the Proposed Regulation and Proposed Amended Regulations, consideration was given to overlapping approaches, overlap and duplication with other statutory and regulatory provisions and economic impact on small business and cities and towns.

All interested persons may submit their views, data or arguments regarding the Proposed Regulation and Proposed Amended Regulations, including information relating to alternative approaches, duplication or overlap with other state rules or regulations and the economic impact of the Proposed Regulation and Proposed Amended Regulations on small business and/or cities and towns, orally at the public hearing or in writing, either by delivering the same in person or United States mail with postage pre-paid thereon to the Department of Business Regulation, 233 Richmond Street, Providence, Rhode Island 02903 attention Elizabeth Kelleher Dwyer, Hearing Officer or by e-mail to elizabeth_dwyer@dbr.state.ri.us

ALL WRITTEN SUBMISSION MUST BE RECEIVED NOT LATER THAN OCTOBER 10, 2006 AT 10:00 A.M.

The hearing room is accessible to the handicapped. Individuals requesting interpreter services for the hearing impaired must notify the Office of Legal Counsel at (401) 222 5400 or TDD 711 not less than ninety-six (96) hours in advance of the hearing date.

A. Michael Marques
Director, Department of Business Regulation

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INSURANCE REGULATION 36

INSURANCE PRODUCER PRE-LICENSING EDUCATION REQUIREMENTS
FOR RESIDENTS LIFE AND
HEALTH INSURANCE AGENTS, SUB-AGENTS,
BROKERS AND SOLICITORS

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Section 1 Authority

This Regulation is promulgated in accordance with R.I. Gen. Laws § 27-2.4-21, R.I. Gen. Laws § 42-14-17 and Pursuant to R.I. Gen. Laws §§ 42-35-3 et seq., the Insurance Commissioner promulgates the following rule relating to mandatory pre-licensing requirements for life and health insurance agents, sub-agents, brokers and solicitors as contained in R.I. Gen. Laws §§ 27-3.1-1 et seq.:

Section 1 Applicability

- ~~A. Residents of the State of Rhode Island who desire to obtain a license to sell life and health insurance must take and pass the mandatory forty (40) hour classroom course as provided under R.I. Gen. Laws § 27-3.1-2 in order to sit for the state license examination.~~
- ~~B. Non residents of the State of Rhode Island who possess a valid life and health insurance agents or brokers license from another state or the District of Columbia are not subject to the forty (40) hour prelicensing requirement of R.I. Gen. Laws §§ 27-3.1-1 et seq. in order to obtain a non-resident license to act as an agent in this State.~~
- ~~C. Individuals who become residents of the State of Rhode Island, including those who hold insurance licenses in another state and may or may not hold valid non-resident Rhode Island licenses, will be subject to the requirement to complete the forty (40) hour pre-licensing course as well as the prescribed state license examination.~~

Section 2 Purpose

The purpose of this Regulation is to set forth the Prelicensing Education required for all applicants for a Resident Insurance Producer License issued by the State of Rhode Island.

Section 3 Definitions

As used in this Regulation:

- ~~A. “Course Provider” shall mean those Prelicensing Providers that have been approved by the Department to offer prelicensing courses for Rhode Island resident insurance producers.~~
- ~~B. “Department” shall mean the Insurance Division of the Department of Business Regulation.~~
- ~~C. “Insurance Producer” shall mean a person required to be licensed under the laws of this state to sell, solicit or negotiate insurance.~~
- ~~D. “License” shall mean a Rhode Island Insurance producer license.~~
- ~~E. “Line of Authority” shall mean a license to sell, solicit or negotiate a specific type of insurance.~~
- ~~F. “NAIC” shall mean the National Association of Insurance Commissioners.~~

G. “Resident” shall mean a person who either resides in Rhode Island or maintains an office in Rhode Island where the business of producing insurance is transacted and designates Rhode Island as the residence for purposes of licensure.

Section 4 *General Requirements*

Any person applying for a Rhode Island Resident Insurance Producer License, other than those exempt pursuant to Sections 11 and 12 of this Regulation, must successfully complete prelicensing education before taking the state producer license examination. The prelicensing education required by this Regulation shall be satisfied by the successful completion of course(s), with credits totaling that required by Section 8 of this Regulation, approved for prelicensing for the particular line of authority by the Department.

There shall be established advisory boards for property & casualty insurance and for life, accident & health or sickness insurance which shall assist the Department in determining whether courses, providers and instructors shall receive Departmental approval for prelicensing education. The advisory board shall receive proposals from course providers describing proposed prelicensing education courses, providers and instructors. The appropriate advisory board will review the proposal and make recommendations to the Department as to whether the courses, providers, instructors and credits hours should be approved for each course. The advisory boards shall be guided by any standards approved by the NAIC to promote uniform prelicensing requirements among the states.

Only successful completion of courses approved by the Department will satisfy the requirements of the Regulation.

Section 5 *Advisory Board Members*

There shall be established two separate advisory boards. The property & casualty advisory board shall consist of the following members:

- one representative of R.I. CPCU Society; and
- two representatives of the Independent Insurance Agents of Rhode Island (“IIARI”);

The life, accident & health advisory board shall consist of the following members:

- two representatives of R.I. Society of Financial Service Professionals (“RISFSP”), and
- two representatives of the R.I. Association of Insurance and Financial Advisors (“RIAIFA”).

All representatives shall be designated by their organization's board of directors and appointed by the Department. The representatives shall serve indefinite terms unless and until removed by the Department or upon resignation.

Section 2 — School/Course Approval

~~A. — The applicant must be eligible under R.I. Gen. Laws § 27-3.1-4.~~

~~An initial application must include the following:~~

- ~~(A) — Completed school application forms, shown as Appendix I of this Regulation, in duplicate with all attachments in duplicate.~~
- ~~(B) — The course outline referenced in the application must include all areas of life, annuity, accident and health insurance permitted under Rhode Island law. The outline must show the amount of time devoted to each topic of study including at least twenty-six (26) hours of life insurance and annuities, eight (8) hours in accident and health insurance and six (6) hours in relevant Rhode Island state law.~~
- ~~(C) — Instructor's experience or education must be submitted on the form contained in Appendix II of this Regulation.~~
 - ~~i) — Education — an individual desiring to qualify as an instructor based solely upon education must submit a certified transcript from an accredited institution of higher learning indicating a major in insurance.~~
 - ~~ii) — Experience — an individual desiring to be qualified based on experience must demonstrate that for the two years immediately preceding the application, at least seven hundred fifty (750) hours per year were devoted to life insurance and annuities and at least two hundred fifty (250) hours per year were devoted to accident and health insurance.~~
 - ~~iii) — Activities that would qualify as providing sufficient experience include: those activities described in Section 5 A-E of Appendix II and other activities directly related to the underwriting, sales and service of life insurance, annuities and accident and health insurance.~~
- ~~(D) — Certificates of completion must be reproduced on one side of an 8½" by 11" sheet of paper and be in the form as contained in Appendix III of this Regulation. Signatures on the certificate must~~

~~be original manual signatures, not stamped or otherwise reproduced.~~

~~(E) Instructional material must cover all items listed in the course outline. Instructional material relating specifically to Rhode Island law and regulations must include those provisions of R.I. Gen. Laws § 42-14-1 *et seq* pertinent to the administration of insurance law, as well as those portions of Title 27 of the Rhode Island General Laws which are pertinent to the business of life insurance, annuities and accident and health insurance and R.I. Gen. Laws §§ 42-62-1 *et seq* and all regulations promulgated under the above-described provisions of the Rhode Island General Laws.~~

~~(F) Samples of all current insurance policies and related forms pertaining to the areas of instruction. The samples must include at least one of each of the following:~~

- ~~1. A cash value life insurance contract.~~
- ~~2. A term life insurance contract without cash value.~~
- ~~3. An annuity contract.~~
- ~~4. A disability income contract.~~
- ~~5. A hospital and/or medical benefit contract.~~
- ~~6. An application for each of the above contracts.~~
- ~~7. A comparative Information form as prescribed in Regulation XXIX, Exhibit D.~~
- ~~8. Beneficiary change forms.~~

~~(G) A separate sheet for each class location of the school with the name of the school and class location at the top of the sheet and listing the date and time of each class session.~~

~~(H) A signature card must be provided in the following form: A 3" X 5" file card.~~

~~(School name)~~

~~(School address and telephone number)~~

~~The individual whose signature appears below is the duly authorized representative of our school and is empowered to sign certification~~

~~of completion documents submitted to the Insurance
Commissioner of the State of Rhode Island.~~

~~(Typed name) _____~~

~~Signature~~

~~By: _____~~

~~Name of Official, Title~~

~~Name of Sponsoring Organization~~

~~(I) — Examination schedules must be submitted on a separate sheet for
each class location, with the name of the school and class at the top
of each sheet.~~

~~(J) — The minimum enrollment per class shall be five (5) students.~~

~~There shall be a minimum enrollment of five (5) students for all segments of each
course, including the segment on Rhode Island law.~~

Section 36 **Course Approval**

The Course Provider shall submit course outlines, along with any pertinent information
and/or materials requested by the Department or the advisory board, for approval. Prior
to being offered or advertised, any precicensing course must be approved by the
Department. Any change in the course must be approved by the Department prior to
being implemented.

Prelicensing courses may consist either of classroom study or verifiable self study
(including on line courses). Evaluation of any proposed course shall be based upon the
substance of the course and not its method of delivery. The manner of verification of a
self study course will be taken into account in the approval of said course and the
provider should provide the specific method of verification.

~~Separate applications for course approval will not be accepted. Applications for
courses must be submitted concurrently with requests for school approval.~~

~~Each course shall consist of study aids and material as defined in R.I. Gen. Laws
§§ 27-3.1-3 and 27-3.1-6 which must be approved by both the Insurance Commissioner
and the Life and Health Agents Qualification Course Advisory Board prior to being
offered.~~

Section 4 — **Maintenance of Records**

- ~~1. — Attendance records shall be maintained on the form attached hereto and
incorporated herein as Appendix IV. Said attendance records must be
maintained up to date at all times. The attendance record for any class
must be in the possession of the instructor during each class meeting.~~

~~Upon completion of each forty (40) hour session, the attendance record for that course must be delivered immediately to the school official designated on Appendix I, who shall retain that record until December 31, of the year following the year in which the record shall have been received. A copy of the attendance record for each course shall be submitted to the Chairman of the Life and Health Agents Qualification Course Advisory Board within ten (10) working days of completion of the course.~~

- ~~2. The school official shall maintain a permanent record of all individuals completing the forty (40) hour course. Said record must be indexed ending by date of the class and alphabetically by last name. Each individual record must contain the following information: full name, social security account number, residence address, final grade (numerical score), course beginning date and ending date and instructor's name.~~
- ~~3. Instructor qualification records must be maintained as permanent records by the school official on the form provided— Appendix II of this Regulation.~~
- ~~4. For each instructor who joins the school after approval an instructor qualification record (with original signatures) must be submitted to the Insurance Commissioner with copies to the advisory board. Instructors may not provide instruction until approved by the Insurance Commissioner.~~

Section 5 — ~~Revocation, Suspension, Refusal to Renew or Denial of School Approval~~

- ~~(A) After notice and hearing as provided in R.I. Gen. Laws §§ 42-35-1 et seq; the Department of Business Regulation Regulations Regarding Department Hearings in Contested Cases and subsection (B) hereof, the Insurance Commissioner may revoke, suspend, refuse to renew or deny the approval to operate a school issued under R.I. Gen. Laws § 27-3.1-4 for any one (1) or more of the following causes:~~
 - ~~(1) Fraud or deceit in obtaining approval to operate a school under R.I. Gen. Laws § 27-3.1-4.~~
 - ~~(2) Dishonesty, fraud or gross negligence in the operation of a school that offers the life and health agents qualification course.~~
 - ~~(3) Violation of or failure to comply with provisions of R.I. Gen. Laws § 27-3.1-1 et seq., or any provision of Regulation 36.~~
- ~~(B) The Insurance Commissioner may initiate proceedings against the individual, partnership, corporation, organization or other entity who applies for approval to operate a school under R.I. Gen. Laws § 27-3.1-4~~

~~and/or the owner/operator of a school approved pursuant to said statute either on his/her own motion, on the complaint of Life and Health Agents Qualification Course Advisory Board or on the complaint of any person.~~

Section 7 *Course Hour Requirements*

With regard to each of the four major lines of authority (life; accident & health or sickness; property and casualty) the applicant must successfully complete twenty (20) hours of instruction in the specific line including three (3) hours of relevant state law for each major line of authority.

For variable life and/or variable annuity, any person who offers or sells variable annuity or insurance products must possess a valid sales representative license with the Rhode Island Securities Division. This requirement is in addition to any insurance license authorizing the sale of variable products obtained from the Insurance Division. The Department does not impose any additional prelicensing requirements for these lines outside of the requirement to obtain a sales representative license from the Securities Division.

For any other line of authority, please contact the Department for specific prelicensing requirements.

Section 8 *Certification and Verification*

(a) A certificate of completion shall be issued by the approved Course Provider to each person satisfactorily completing the course.

(b) The certificate of completion shall contain the student's full name, residential address, name of the approved course, beginning date, date of completion, name of the approved Course Provider, the original or electronic signature of the instructor and any other information that the Department deems necessary.

(c) The certificate of completion must have been earned prior to sitting for the state license examination. The student shall be responsible for submitting the certificate of completion to the Department at the time that the insurance producer's application and passed examination results are submitted. If approved by the Department the certificate of completion may be transmitted electronically. Such electronic transmission will satisfy the applicant's responsibility to transmit the certificate to the Department.

Section 9 *Period of Validity for Prelicensing Course Certificates*

Prelicensing certificates of completion shall be valid for a period of five (5) years from the date of completion. Prelicensing certificates of completion that are more than five (5) years old will not be accepted by the Department and students will be required to take an approved prelicensing course.

Section 10 Exemption from Prelicensing Education

The following persons are exempt from prelicensing education:

- An individual who was previously licensed for the same line(s) of authority in a reciprocal state. Such individual shall be required to certify knowledge of Rhode Island law applicable to insurance producers on a form approved by the Department. This exemption is only available if the person is currently licensed in the other state or if the application is received within ninety (90) days of the cancellation of the applicant's previous home state license and if the prior home state issues a certification that, at the time of cancellation, the applicant was in good standing in that state or the state's producer database records, maintained by the NAIC, its affiliates or subsidiaries, indicates that the insurance producer is or was licensed in good standing for the line(s) of authority requested.
- An individual holding a four (4) year degree from an accredited institution of higher learning with major course work in insurance.
- An individual holding a current and valid AAI, ARM, CIC or CPCU designation are exempt from prelicensing education for property & casualty lines of authority.
- An individual holding a current and valid RHU, CEBS, REBC or HIA designation is exempt from prelicensing education for health lines of authority.
- An individual holding a current and valid CEBS, ChFC, CIC, CFP, CLU, FLMI or LUTCF designation are exempt from prelicensing education for life lines of authority.

Section 11 Severability

If any provision of this Regulation or the application thereof to any person or circumstances is held invalid or unconstitutional, the invalidity or unconstitutionality of such provision or application thereof shall not affect other provisions or applications of this Regulation which can be given effect without the invalid or unconstitutional provision or application, and to this end, the provisions of this Regulation are severable.

Section 12 Effective Date

This Regulation and the amendment thereto shall be effective as indicated below.

~~Appendix I— Application and all attachments must be furnished in duplicate~~

~~APPENDIX I~~

~~APPLICATION AND ALL ATTACHMENTS MUST BE FURNISHED IN
DUPLICATE~~

SCHOOL/COURSE APPLICATION

Name of sponsoring organization _____

Name of school (if different from above) _____

Address _____

Telephone No. _____

School Official _____

(Name) _____ (Title) _____

List all locations where courses will be offered:

Minimum class size at each location (ten (10) or more):

The following documents must be attached hereto:

1. _____ Course outline indicating amount of time devoted to each topic.
2. _____ An instructor qualification record for each instructor on the initial faculty.
3. _____ Sample certificate of completion.
4. _____ Copies of all instructional books proposed for use.
5. _____ Copies of current insurance policies and related forms pertaining to each area of instruction.
6. _____ Proposed class schedules (dates and times for each location, separate sheets for each location).
7. _____ Signature card for school official who is authorized and will sign certificates of completion. (Note: new card must be filed before any other signature on certificate of completion will be accepted).
8. _____ Examination schedule (dates and times for each location, separate sheet for each location).

The above application and all statements contained therein (including all attachments hereto) are true and complete to the best of my knowledge and belief.

Authorized Signature _____ Title _____
Sponsoring Organization _____

Authorized Signature _____ Title _____
School Official _____

Date

~~Appendix II — Instructor qualification record~~

~~APPENDIX II~~

~~INSTRUCTOR QUALIFICATION RECORD~~

This application is based _____ Education
upon: (Circle one) _____ Experience

Name _____ Home Telephone _____

Home Address _____

Business Address _____ Business Telephone _____

Employer _____

Supervisor _____

Current position _____

Educational background: (complete only if application is based on education).

High School _____ Date of graduation _____

College _____ Date of graduation _____

_____ (certified transcript attached)

(Major courses of study) _____ Note: signatures required below

Professional background/experience: (complete if application is based on experience)

Companies currently licensed with:

1. _____ Dates: _____

(from — to)

2. _____ Dates: _____

3. _____ Dates: _____

4. _____ Dates: _____

1. _____ Do you currently hold a valid Rhode Island Life and Health Insurance Agent's License? _____

b) _____ If yes: This license has been in continuous effect since _____
_____ month/year

2. Have you ever had any insurance license, in any state, revoked or suspended for

any reason? _____

b) ~~If yes: Explain below, specifying place, date and reason for action taken.~~

3. ~~How many hours per year, in the last two (2) years, did you devote to the business of life insurance and annuities?~~

Year 1 _____
year beginning date _____ hours

Year 2 _____

4. ~~How many hours per year, in the last two (2) years, did you devote to the business of accident and health insurance?~~

Year 1 _____
year beginning (month, day _____ hours
and year)

Year 2 _____

5. ~~Briefly describe your activities in each of the following areas. (For each activity indicate the number of hours per year).~~

Year 1

A. ~~Recruiting and training of agents~~ _____

B. ~~Direct sales to consumers (Include analysis and sales preparation)~~ _____

C. ~~Service to existing policyholders including claims service~~ _____

D. ~~Supervision of other agents~~ _____

E. ~~Underwriting/risk selection~~ _____

F. ~~Other (please specify)~~ _____

Year 2

A. ~~Recruiting and training of agents~~ _____

~~B. Direct sales to consumers (Include analysis and sales~~

- preparation) _____
- C. ~~Service to existing policyholders including claims service~~ _____
- D. ~~Supervision of other agents~~ _____
- E. ~~Underwriting/risk selection~~ _____
- F. ~~Other (please specify)~~ _____

~~I certify that the information contained in this application is true and complete to the best of my knowledge and belief.~~

Date _____ Signature of Applicant _____

~~I hereby authorize the Insurance Commissioner of the State of Rhode Island or his duly appointed representative to contact any representative of an institution of higher learning, and/or any insurance company or agency that I have referenced in this application.~~

~~I also hereby authorize such institution and/or insurance company or agency to release any information requested by the Insurance Commissioner for the purpose of evaluating this application.~~

Date _____ Signature of Applicant _____

Appendix III - Certificate of completion

~~APPENDIX III~~

~~CERTIFICATE OF COMPLETION~~

~~(Name of School)~~

~~Awards This Certificate to~~

First name, middle initial, last name

resident address

Social Security No. _____

~~In Recognition of the Successful Completion of the~~

~~I hereby certify that the above attendance record was maintained accurately and completely at each class meeting.~~

~~School Official~~

EFFECTIVE DATE: September 1, 1985

AMENDED: January 13, 1986

February 24, 1986

REFILED: December 19, 2001

AMENDED: October , 2006